

STAND. COM. REP. NO.

443

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 983

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 983 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose of this bill is to authorize the Hawaii Strategic Development Corporation (HSDC) to transfer tax credits issued by the State to transferees that may use the tax credits to reduce their tax liabilities under the income tax, banks and financial institutions tax, or insurance tax laws.

HSDC, High Technology Development Corporation, and Hawaii Venture Capital Association supported this bill. The Department of Taxation opposed this measure. Tax Foundation of Hawaii submitted comments.

Your Committee respectfully requests your Committee on Finance to assess the revenue impact of this measure as well as the concerns raised in testimony regarding the financing mechanism of tax credit transfers and the potential creation of a secondary market.

Your Committee has amended this measure by:

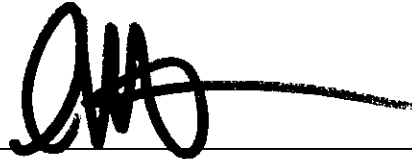
HB983 HD1 HSCR ERB HMS 2011-2032



- (1) Requiring unsold tax credits to expire at the end of the calendar year in which they are issued;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 983, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 983, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 443

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 983	Committee Referral: ERB, FIN	Date: 2/8/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. CHOY, Isaac W. (VC)	/			
3. AWANA, Karen L.	/			
4. BROWER, Tom	/			
5. EVANS, Cindy	/			
6. HASHEM, Mark J.	/			
7. NISHIMOTO, Scott Y.	/			
8. TOKIOKA, James Kunane	/			
9. TSUJI, Clift	/			
10. MARUMOTO, Barbara C.	/			
11. PINE, Kymerly Marcos	/			
TOTAL (11)	11	∅	∅	∅
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				